SUPERMARKET BUSINESS

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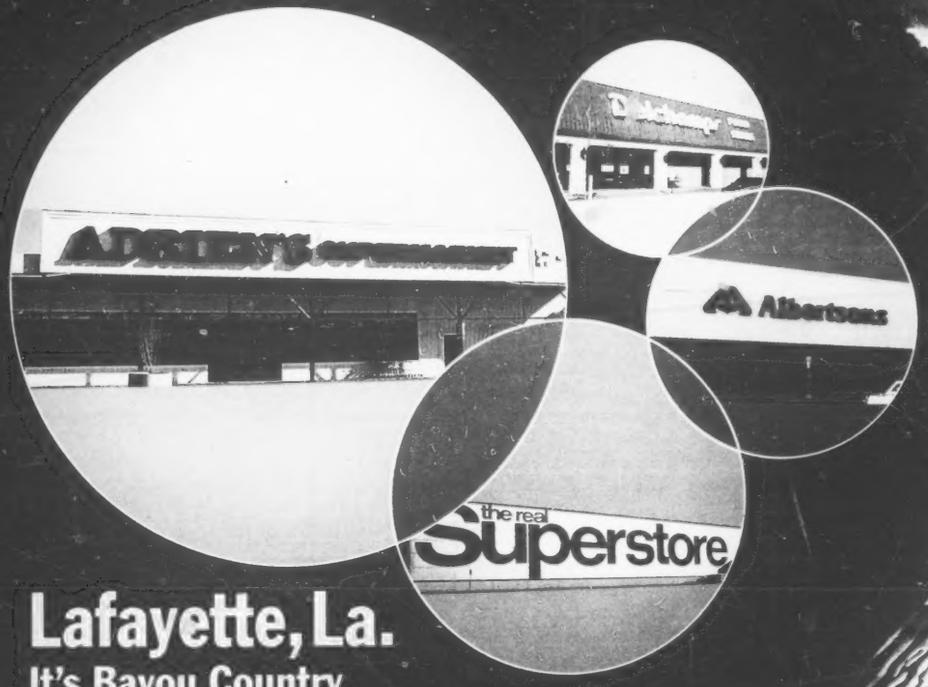


Lafayette, La.

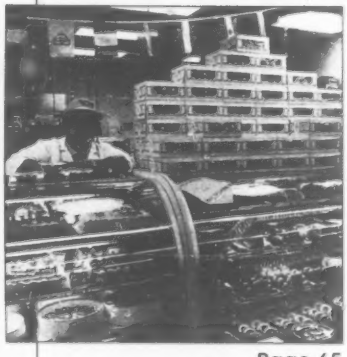
It's Bayou Country, where Adrien's, a tough three-store Cajun independent takes on the best.

SUPERMARKET BUSINESS

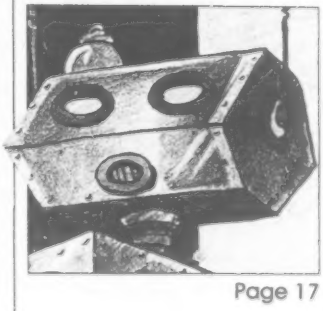
APRIL 1991 VOLUME 46 NUMBER 4

Page 25

Page 35



Page 65



Page 17

FEATURES

ADRIEN'S TAKES ON THE BEST... AND THRIVES MIKE DUFF AND FRANK HAMMEL 25

Five years ago, when The Real Superstore moved into Lafayette, La., some 13 stores went down. Today, Adrien's is opening its third store and Albertson's is opening a second store. As for The Real Superstore? Rumors are flying.

AT BARLOW FOODS, UPSCALE AMBIENCE WITH LOWER PRICES HOWARD RIELL 35

Through an expansion and redesign, one Minnesota store has sought to reinforce customer perceptions of freshness, service and quality while adopting an aggressive pricing strategy.

MAKING MORE OUT OF THE MICROWAVE MIKE DUFF 45

By creating convenience food programs that capitalize on widespread microwave ownership, supermarkets can position themselves to better survive rough economic waters and tough competition from restaurants.

INSTORE BUSINESS

NINTH ANNUAL BAKERY OPERATIONS REVIEW 49

DAVID LITWAK AND JANET TORRES CEPEDA

Over two-thirds of all U.S. supermarkets now have instore bakeries, bringing industry sales above the $7 billion mark. But the rate of growth continues to slow, falling from 8.6 percent in 1989 to 7.2 percent in 1990.

AT HERB'S FOOD: DRESSING UP A 'PLAIN JANE' STORE HOWARD RIELL 65

The remodel of an Oklahoma chain's only warehouse store has proved so successful that the company has decided to follow the same format in its next store.

PREPARING FOOD ELAINE READER 72

NONFOODS BUSINESS

WHY HALLOWEEN IN APRIL? MIKE DUFF 81

Trick or treating is giving way to more and and more partying—and not just by kids. There's a whole new market out there in costumes, greeting cards and other paraphernalia. But you have to stock up now to take on the discounters.

SAMI UPDATE ALAN B. MILLER JR. 84

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 5
WASHINGTON BRIEFS 7
TRADESCAN 11
SUPPLIER SIDE 15
TECHNOLOGY 17
PRODUCE 21
NEW PRODUCTS 74, 79
CONTEST 86
ADVERTISER'S INDEX 89
CHECKOUT 90

Cover Photos: bayou, Curtis Darrah; stores, Blake McWhirter

THE WONDERFUL WORLD OF NEW WAVE MARKETING

By Ken Partch, Editor-in-Chief

Reading my favorite business newspaper the other day, I came upon a fascinating article about the wonders of the new micromarketing. That's about how the marketing geniuses of the New Wave pinpoint their marketing efforts to just those customers who are heavy users, and to just those stores that these people shop. Makes absolutely dreamy good sense, doesn't it?

This is what the article said, in part:

The trend is possible thanks to new insights provided by the spread of checkout scanners, which are generating more sophisticated data on consumers and buying habits. Also a few big food companies and boutique research firms have begun correlating data on individual stores and shoppers . . . . —WSJ, March 18, 1991

Pushing the dog off my face, and adjusting myself to a better position on the couch, my mind began to wander, and wonder, about the futuristic possibilities of this New Wave. I was unaware that things had progressed to this pretty pass. I got to thinking ... I think I'll go down to Grand Union and look around. Maybe something will come to me that will make my fortune in grocery marketing.

Just as I got to the parking lot and out of the car, I began to sneeze. No handkerchief and no Kleenex in the car. Oh well, it's raining, and it will soon wash off the parka.

Just as I walked up to the courtesy counter to cash a check, the clerk greeted me by name and asked how I would like my cash. I hadn't even gotten my checkbook out as yet. "I'll take a fifty and five tens," I mumbled. I didn't even know she knew my name.

I wrote the check for the hundred, still wondering what the hell was going on. Just as I was turning around to head down the grocery aisles, I felt a tap on my shoulder. The manager, whom I recognized, but had never spoken to in the twenty years I had shopped the store, nor he to me, was standing behind a fully loaded shopping cart. "It's all right here waiting for you, Mr. Partch."

"What is?" I snapped.

"Your groceries. Your wife called and said you were on the way."

"Oh did she?," I said, with a tinge of sarcasm. "And did she read you the whole shopping list over the phone?"

'Scanners are generating more sophisticated data on consumers and buying habits . . . .' —WSJ
I didn't know that.

"No, she didn't have to. We've got it all in the computer and the scanner, you know," he said with a confident smile.

"You've got what in the computer?" I snarled.

"We know all your shopping habits, brand preferences, and we even know when you are going to run out of certain items. Of course if you'd like to do some impulse buying, go right ahead, the cart will be here waiting for you. Oh yes, it's a little under the 100 bucks you just picked up so you've got some extra cash. Or, you can use your debit card, and EFT will do the rest."

"Thanks," I said suspiciously. "Thanks a lot."

"And, oh yes, we even deducted the coupons you were going to use."

"How'd you know I was going to use coupons, read my mind?" I asked.

"No, no, no," said the manager, who tends to speak in threes. "Your wife punched them into your home computer and right to the coupon clearing house. We get a copy ..."

"I know, I know, right into the scanner."

"Tell me," I said, more than a little annoyed, there was something insidious about all this and I didn't like it, "tell me, how did you know that I was going to shop Grand Union? I could have gone to Grade A, or to Stop & Shop? Tell me that."

"Simple. You were nearly out of Irish 'Quick' Oatmeal, and we're the only ones who have it."

"The Good Food store on Route One has it. How did you know I wouldn't go there?" I asked triumphantly.

"We know you, Mr. Partch. Any time you can avoid it, you wouldn't be caught dead in the Good Food store. It's too snooty and phony for you. And it offends you to pay 50 cents more for something you can buy here. Right?"

He was right, dammit. But I still didn't like it. I wasn't sure why, but I was starting to get madder than hell. For some reason I didn't like coming into a supermarket and having some wise guy shove a fully loaded cart at me. Made me feel dumb.

"Tell me," I said, in my most menacing deadpan. "Why didn't you just send all this stuff to my house if you knew I wanted it? And just bill me? Tell me that."

"Next week," he said.

"Next week what?"

"Next week, home delivery."

I still wasn't too happy about it all, but started pushing the cart toward the door, after running my stuff through the checkerless checkout scanner.

As I reached the front door, the manager called to me. "We forgot the Kleenex; here it is."

"Oh so you *do* think of everything, after all," I said.

"No, no, no," he purred, "there are still a few bugs. I happened to see you touch your nose to the sleeve of your parka as you got out of your car.

A far off familiar voice was calling. "Dear, would you please go to the market, and do the shopping? And get that dog off the couch, he's on your face again."

Shopping...? I could have sworn... ■

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instore BUSINESS

NINTH ANNUA

Over two-thirds of all U.S. supermarkets now have instore bakeries, bringing industry sales abo the $7 billion mark. But growth continues to slow. BY DAVID LITWAK AND JANET TORRES CEPEDA

■ An old business axiom postulates that the healthiest climate for an industry is the period between skyrocketing growth and limp decline. That time of unspectacular, but steady, growth is to be sustained as long as humanly possible.

This is an apt description of the business climate within the nation's supermarket bakeries in 1990. Growth, steady but unspectacular, was the watchword of the industry.

"Tighten up operations and expand whenever feasible" was the way retailers ran their bakeries. For those who followed this philosophy, the results were gratifying.

The instore bakery grew at a rate of 7.2 percent last year, which was down slightly from the 8.6 percent growth in 1989, and down substantially from the blockbuster surge of 27.8 percent in 1988. Sales in the instore bakery reached $7.42 billion in 1990.

Whether you consider 1990's sales growth a disappointment compared to that of prior years, or merely a natural calming in the growth of the industry from the skyrocket ride it had in 1988, one thing is certain. The instore bakery is still exhibiting good, steady

CENSUS 50
SALES, MARGINS &PRODUCT MIX 54
LABOR & SERVICE 56
PRODUCTION & SUPPLY 58
MERCHANDISING & CUSTOMERS 58
SPACE, LOCATION & EQUIPMENT 62

growth, and at a level that is much mor reasonable and manageable than in 198

Two factors contributed fairly evenly the growth of the instore bakery. One fa was the number of bakeries in operation About 464 new bakery units opened up year, bringing the total number of instor bakeries to 20,694. This was an increase the number of bakeries of 2.3 percent. T are now bakeries in 67.3 percent of all t nation's supermarkets.

The second factor affecting bakery gr was the increased sales per bakery. The average weekly sales in each bakery we $6,617 in 1990, up 4.9 percent from 198 $6,311 level.

The number of bakeries in operation factor of the level of penetration of bake in supermarkets. With a penetration of 67 percent, there will not be very many bakery units opening in any given year. Therefore, the industry cannot expect to grow substantially simply by introducin more outlets as it did in 1988.

The average sales per bakery is really figure that bears watching most closely bakery department is going to significan

INSTORE BAKERY

CENSUS

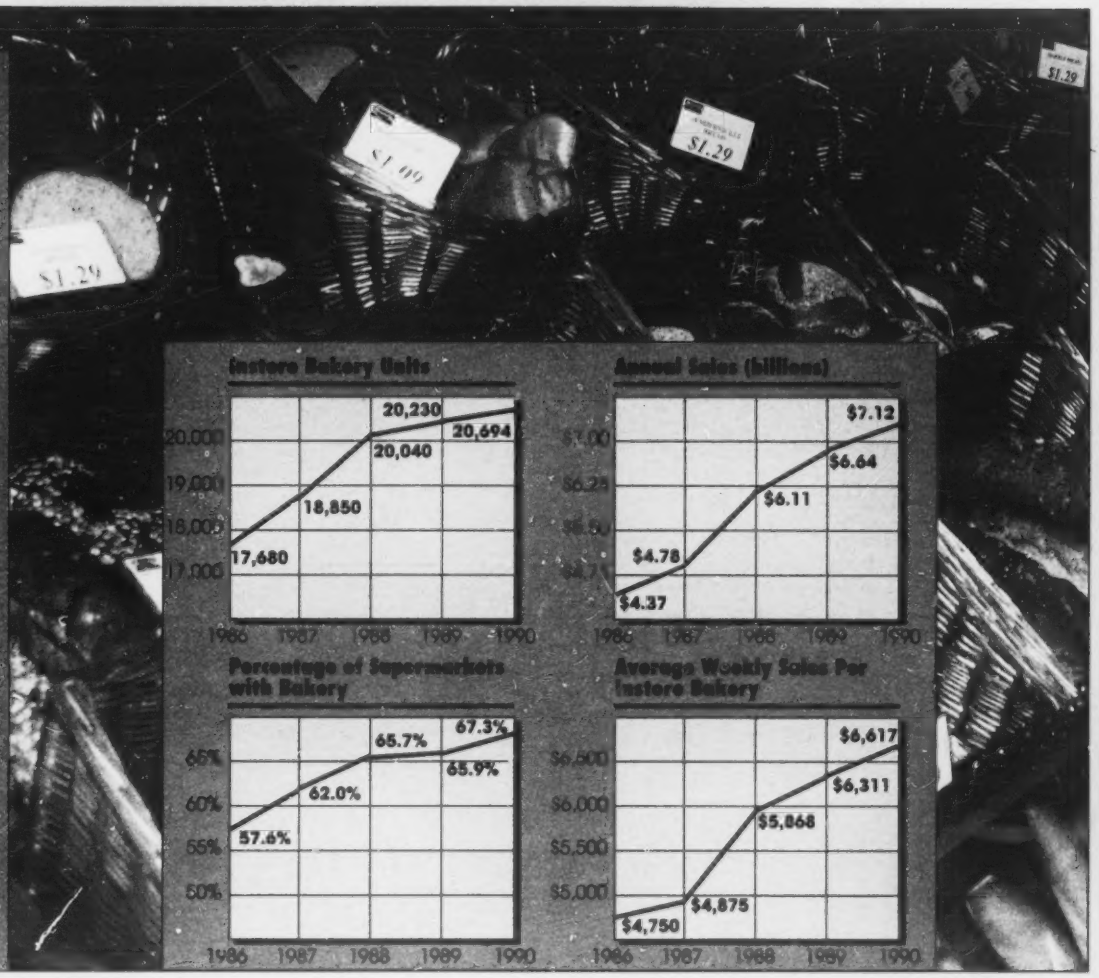
Bakery sales grew at a slightly slower pace last year than in previous years. In 1990 instore bakery sales were up 7.2 percent over their 1989 levels. With sales of over $7 billion, the instore bakery reached an all-time high.

Part of this gain was due to an increase of 464 in the number of operating bakeries in supermarkets, bringing the total number of units to 20,694. This puts a bakery in 67.3 percent of the nation's supermarkets.

An increase in weekly sales per instore bakery unit accounts for the rest of the 1990 sales increase. On average, the weekly sales per bakery increased 4.9 percent to $6,617 per week.

Is Portion of Store Overhead Allocated Back to Instore Bakeries?

Yes	53%
No	47
Total	100%



Transactions in the department were the same size in 1990 as in 1989, averaging just over $2.00.

increase the volume of its sales, it will be reflected in the average weekly sales per unit.

Unfortunately, a 4.9 percent increase in weekly sales does not suggest any huge increases in volume last year. What the figure does suggest is a very modest volume gain per store coupled with increases in prices.

This interpretation is supported by traffic and transaction figures. Just short of 28 percent (27.6 percent) of the weekly transactions in an average supermarket include a bakery purchase. A figure that hasn't changed since last year.

Again, this doesn't mean that only 28 out of 100 consumers are bakery customers, it indicates that only 28 out of each 100 shopping trips include a bakery purchase. The customers who buy at the bakery do not necessarily buy from the department every time they come to the store.

To further substantiate the notion that not much volume was gained in bakery sales is the fact that the transactions in the department were the same size as in 1989. Both years the average bakery transaction amounted to just over $2.00.

Because both the number of shopping trips with a bakery transaction and the size of those transactions were the same as in 1989, the gain in bakery sales in 1990 did not contain large volume gains.

Profits and products

Steady growth in sales dollars did generate greater profits for the bakery. The average gross margin of the products sold by the department rose from 53.2 percent in 1989 to 56.2 percent. This indicates that the sales increases were not due to simply passing along the cost of goods in terms of price increases.

More importantly, the bakery has become more important than ever to the overall profit picture of the store. The contribution to the store's total profit coming from the instore bakery rose from 5.2 percent in 1989, to 6.5 percent in 1990. No any wonder 88 percent of the operators consider their bakeries to be legitimate profit centers as well as image builders for the store.

The bakery's reliance on breads and rolls as the mainstay of its product mix is starting to lessen somewhat. The combined share of instore bakery sales by white and variety breads and rolls has declined slightly, to 30.4 percent. This is a decrease of 1 percent of the share of the total sales.

Compare the current 30.4 percent share of departmental sales for breads and rolls to the share just four years ago, when it was 40.7 percent of bakery sales. The loss of a quarter of

INSTORE BAKERY

SALES, MARGINS & PRODUCT MIX

In terms of sales and profits, 1990 was a very good year for the instore bakery. Not only did total sales reach the $7.12 billion mark, but average weekly sales per bakery unit increased as well, and so did the bakery's share of total store sales (up to 2.8 percent from 2.6 percent a year ago).

The extra sales brought in during 1990 turned out to be more profitable sales. The average gross margin for the department rose from 53.2 percent in 1989 to 56.2 percent in 1990. Higher sales and better margins increased the section's average contribution to the profit of the total store to 6.5 percent, significantly up from the 5.2 percent level of the year before.

Fancy cakes, pies and other types of sweet goods did particularly well last year, all gaining in share of the bakery sales dollar. Although the percentage of sales coming from the traditional breads and rolls categories fell slightly or showed little growth, these categories continue to dominate the dollar sales of the department.

Average Weekly Sales

Mean $6,617 Median $4,081

Weekly Sales By Format

	Mean
Superstore	$10,443
Superwarehouse Store	$6,772
Conventional	$5,381

Change in Dollar Sales (1990 vs. 1989)

Higher	85%
No change	6
Lower	9
Total	100%
Average Reported Increase	11%

Share of Total Store Sales

Mean 2.8% Median 2.6%

Percent of Total Sales by Format

Superstore	2.5%
Superwarehouse Store	2.1
Conventional	3.9

Contribution to Store Profits

Mean 6.5% Median 6.7%

Percent of Store Profits

Less than 3.0%	10%
3.0-4.9	29
5.0-6.9	19
7.0 or more	42
Total	100%

Bakery Items/Lines Most Frequently Dropped or Decreased

—Variety Bread —Danish
—Croissants —Cookies

Bakery Items/Lines Most Frequently Added or Increased

—Low Cholesterol/Low Fat Products —Bagels
—Mousse Cakes —Mini Muffins

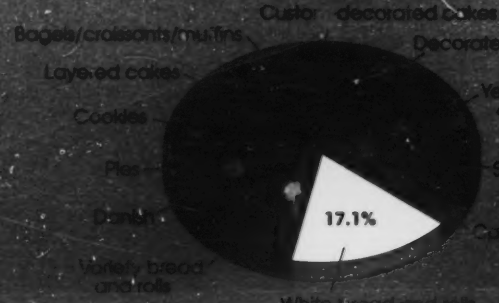
Gross Margin

Mean 56.2% Median 58.3%

Less than 40%	22%
40-49	24
50-59	37
60 or more	15
Total	100%

Portioning Out the Instore Bakery Sales Dollar

Share of Sales



Instore bakeries generated a higher degree of profit last year than ever before. This is a result of rising shares of total store sales and higher gross margins.

its share of sales indicates that much of the increase in sales for the department came from the sweeter variety of products rather than bread.

The bakery still retains its health-conscious side, with low-fat/low-cholesterol muffins becoming one of the most often added or increased products in the section last year. Other often-added product lines show the diversity of the instore bakery—these include mousse cakes, bagels and mini-muffins.

Production–how and by whom

Production in the instore bakery continues to be a mixed bag. While 40 percent of the operations reported that bake-off is their major form of production, most companies indicated that they use more than one production method to create the full scope of their product mix.

In addition to the 40 percent that use bake-off as their major method, 27 percent use scratch or mix preparation most often, and 5 percent use mostly thaw and sell products. Twenty-eight percent said that they didn't have one major production method, but truly used a combination of all these methods to produce their products.

Whichever method the instore bakeries are using to produce their products, they seem to be doing it more efficiently. Labor costs in the bakery department went down last year.

It currently takes the equivalent of 7.5 full-time employees to staff the bakery, both in terms of production and customer service. This is down from the 7.8 full-time equivalent employees of a year ago.

The current employee line-up in the average bakery includes 4.3 full-time employees and 6.4 part-timers. Of course, this is only an average and it can vary greatly with the size, type and production set-up of the individual bakery.

For instance, 3 percent of the units report having 3 or fewer full-time equivalent employees, while 25 percent utilize 8 or 9 full-time equivalent workers, and 10 percent of the bakeries have more than 10 full-time equivalent employees.

INSTORE BAKERY

LABOR & SERVICE

About 60 percent of instore bakery sales are now self-service packaged items, with another 10 percent coming from self-service bulk items. This increase in self-service merchandising has helped decrease the amount of labor needed to run the department.

The number of full-time bakery employees now averages 4.3, down from 4.9 in 1989. The number of part-timers has also decreased to 6.4, bringing the average number of full-time equivalent employees in the bakery to 7.5. This brought the percentage of bakery sales that goes to pay labor costs down to 31.4 percent in 1990.

Number of Employees

Full Time	4.3
Part Time	6.4
Full Time Equivalent*	7.5

Full-Time Equivalent Employees

1-3	3%
4-5	12
6-7	50
8-9	25
10 or more	10
Total	100%

*2 part-time=1 full-time employee

Cake Decorating

Percent of Stores Offering

Offer	88%
Do not offer	12

Time for Prep and Service

Breakdown of Labor Hours

Customer service	41%
Other (incl. prep)	59
Total	100%

Raw Costs for Labor

Labor as a Percent of Instore Bakery Sales

Mean	31.4%
Median	28.5%
Under 26%	16%
26-30	41
31-35	18
36-40	16
Over 40	9
Total	100%

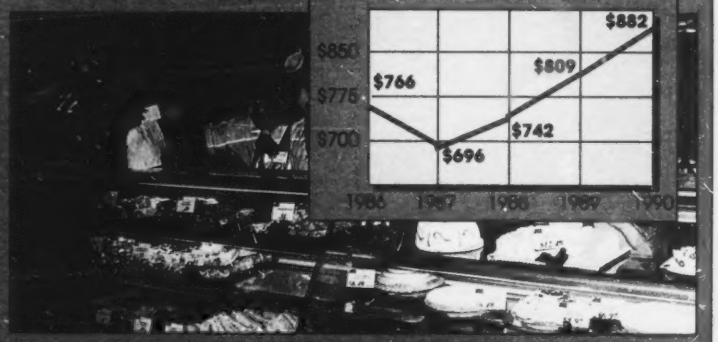
Average Weekly Sales Per Employee*

Mean	$882
$500 or less	3%
$501-$750	29
$751-$1,000	47
Over $1,000	21
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee*

*Full-time equivalent employees



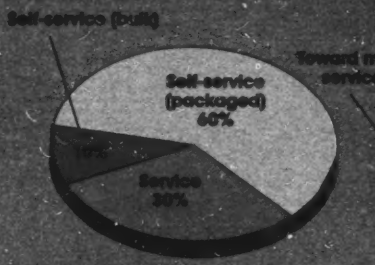
Service vs. Self-Service

Percent of Stores Offering*

Service	80%
Self-service (packaged)	100
Self-service (bulk)	43

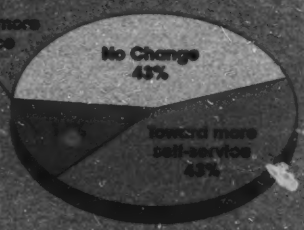
*Note: Includes multiple answers

Percent of Instore Bakery Sales



Trends in Service

Direction Instore Directors Expect Their Operations to Move



Self-Service Equipment

Percent of Stores That Have

Display tables for packaged self-service	98%
Self-service racks (or shelves) without doors	70
Roll bins with tongs for self service	47
Self-service racks with glass doors	38
Hot Coffee & Beverages	38
Free-standing self-service racks (on wheels)	35
Self-service refrigerated cases	31

Self-Service Sales

Percent Sold Through Self-Service In Stores Offering Self-Service

Pies	89%
Breads	87
Decorated Cakes (Refrigerated)	71
Decorated Cakes (Shelf temp.)	69
Doughnuts	57
Rolls	42
Muffins	42

It costs just a little less to staff an instore bakery in 1990 than it did 1989. This has resulted in higher-than-ever weekly sales per employee.

The slight drop in the number of employees has manifested itself in a small decrease in the portion of departmental sales that go to cover labor costs. On average, it now takes 31.4 percent of sales to cover labor costs.

Since there were fewer employees in the department and more sales dollars coming in, the average sales per employee jumped last year. Each bakery staffer accounted for $882 per week in sales in 1990. This was up 9 percent from the $809 that each employee generated in 1989.

There are two reasons for the bakeries' ability to get by with fewer employees, while increasing the variety and complexity of their products. These are the same reasons that must be brought into play whenever there is a decrease in labor costs. The basic factors

INSTORE BAKERY

PRODUCTION & SUPPLY

While most bakeries use two or three methods to produce their products, bake-off is used by 40 percent as the major means of production. This is down somewhat from 43 percent in 1989. Thaw and sell increased its representation in the supermarket bakery, with 5 percent of the units now reporting the method as their primary means of production.

More bakery supplies are coming directly to the bakery's back door. Operators report that about 42 percent of their ingredients and supplies now are shipped directly to their stores and not to the warehouse. This is up from 35 percent in 1989.

Bakery suppliers and distributors appear to be gaining a definite edge over grocery wholesalers in the battle to supply the instore bakery. Over 50 percent of the supplies and ingredients now come from bakery suppliers.

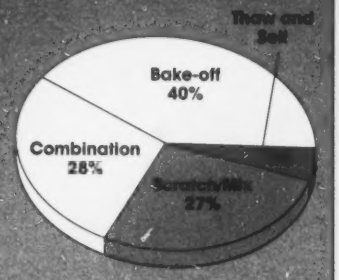
Methods of Production Percent Using*

	Bake-off	Mix	Scratch
Bread and rolls	76%	9%	33%
Yeast-raised doughnuts	61	42	15
Cake doughnuts	30	67	12
Sweet goods	58	42	21
Cookies	67	18	42
Pies	88	9	24
Layered cakes	44	63	22
Croissants	85	3	9
Brownies	36	58	18
Bagels	91	3	6
Muffins	42	58	24

*NOTE: Includes multiple answers

Major Method of Production

Percent Using:



Suppliers to Instore Bakeries*

	Bakery Distributor/ Supplier	Grocery Wholesaler	Ingredients Manufacturer	Bakery Wholesaler
Bake-off	59%	50%	23%	12%
Mix	56	24	38	6
Scratch	50	21	40	4

*NOTE: Includes multiple answers

Warehouse vs. Direct Delivery

Percent of Baking Ingredients Supplied

Through warehouse	58%
Direct to stores	42
Total	100%

MERCHANDISING & CUSTOMERS

Despite continued efforts to increase the popularity of the instore bakery, only 27.6 percent of the shoppers in the average store on any given day shop the bakery. This really means that a shopper will make a bakery purchase about once every 3 or 4 trips to the supermarket.

The bakery patrons are still spending the same $2 per bakery purchase today that they spent in 1989. The increased promotion, therefore, has not increased either bakery traffic or spending.

Bakeries' Share of Ad Space Compared to Share of Sales

Greater	38%
Less	24
Equal	38
Total	100%

How Supermarket Customers Spend

Percent Who Shop the Instore Bakery

Mean **27.6%** Median **27.9%**

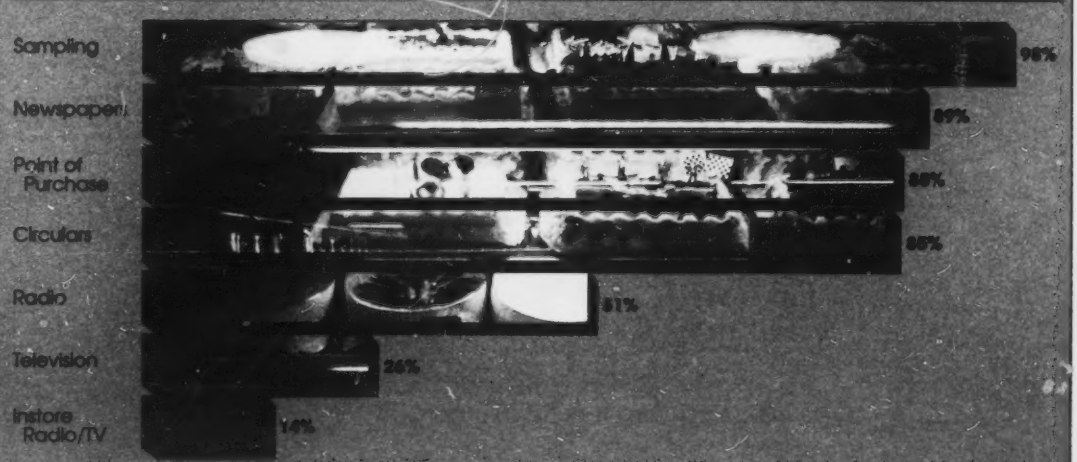
How Much They Spend

Mean **$2.01** Median **$1.92**

Do You Consider Your Bakeries:

Image/Traffic Builders	12%
Profit Centers	17
Both	71
Total	100%

Advertising and Promotion Sell Instore Bakery Percent Using



are, as always, production and service.

As we've seen, production methodology is spread over the whole gamut of approaches, and it is hard to determine where the industry as a whole has cut production labor time. One possibility is that a large portion of production comes through quicker methods, such as bake-off and thaw and sell.

Bakeries are well equipped for those products made from scratch or mix. Most bakeries report having a full complement of ovens, freezers, proofers, mixers, retarders, frying and doughnut systems, glazers and sheeters, along with other baking equipment. Having modern, merchandised versions of the proper equipment has cut production labor times considerably.

On the other side of the bakery, there is less labor involved in servicing the customers. About 70 percent of bakery sales come from either packaged or bulk self-service baked products, with service bakery products accounting for the other 30 percent. Sales of service merchandised baked goods declined in 1990 from 35 percent of sales in 1989.

This trend appears likely to

Charts continue on page 62
Text continues on page 80

BAKERY INSTORE

SPACE, LOCATION & EQUIPMENT

The bakery grew somewhat last year. Actually, "stretched" might be a better word, since the increase was only slight. The average bakery now occupies 1,626 sq. ft., up from the 1,569 sq. ft. it took up in 1989. This translates to an average share of total store space of 5.4 percent.

The increase in size, coupled with higher sales volumes, helped the average sales per square foot in the section increase by about a nickel. Last year sales per square foot were $4.07, as opposed to $4.02 in 1989. While not a large increase, $4.07 does represent the highest sales per square foot that the department has ever had.

Much of the extra footage that the bakery expanded into last year was used to house production equipment. The majority of bakeries report having a full complement of equipment, no matter what their major method of production is.

The size of the average bakery has increased just slightly in the past year. Along with the few extra feet came a very slight rise in the average sales per square foot, which is now $4.07.

Size of Department

Square Feet of Space	
Mean	1,626 Feet
Median	1,783

Share of Total Store Space	
Mean	5.4%
Median	5.5

Square Feet by Format	
Superstore	2,350
Superwarehouse Store	2,235
Conventional	915

Percent Share by Format	
Superstore	5.5%
Superwarehouse	4.0
Conventional	5.1%

Average Weekly Sales Per Square Foot of Space	
Mean	$4.07

Average Weekly Sales Per Square Foot of Space by Format	
Superstore	$4.44
Superwarehouse Store	$3.03
Conventional	$5.86

The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

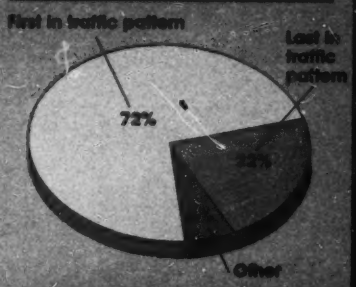
Joint Delibake	22%
Separate Departments	41
Total	100%

Location of Bakeries by Store Format

Percent Located In-

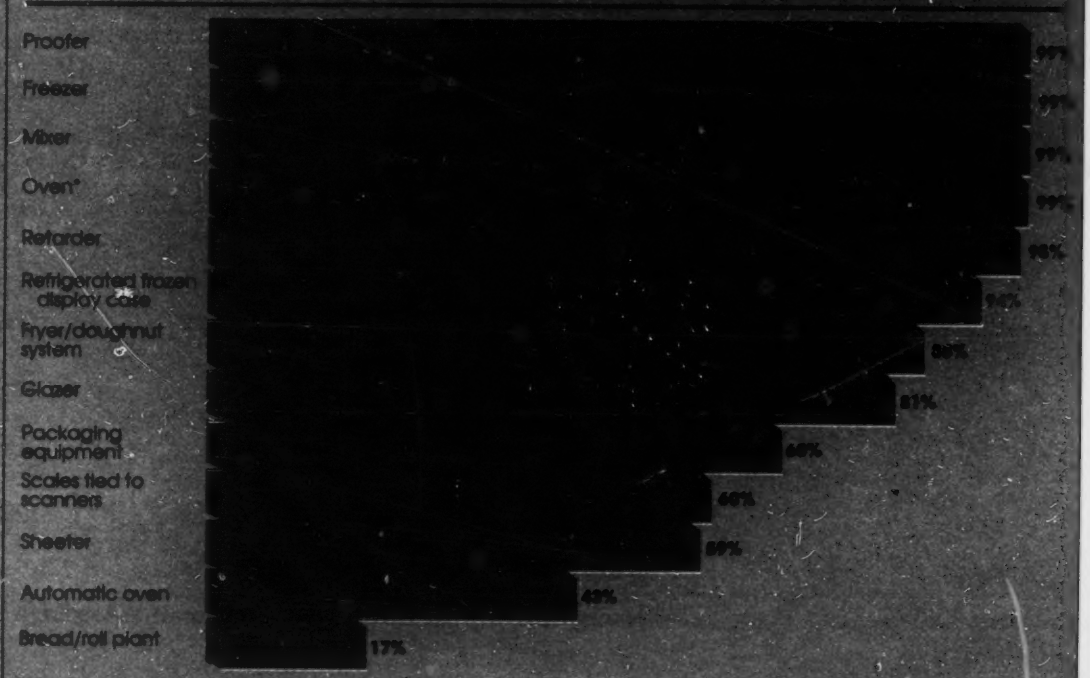
Conventional	47%
Superstores	28
Superwarehouse	18
Total	100%

Preferred Location for Bakery



The Well-Equipped Instore Bakery

Percent of Stores That Have



*Excludes automatic oven

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FM Business Publications
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Garden City, NY 11530

Ad respondents send box responses to the box number in care of:
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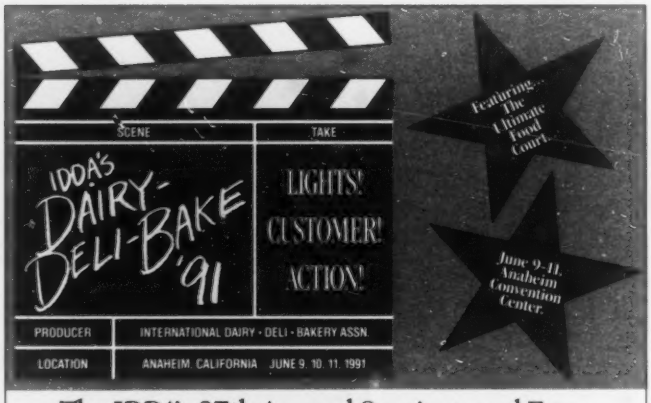
475 Park Avenue South
New York, NY 10016
Attn: MINDY ORMAN.



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PRODUCE

Continued from page 22

gram supported by all growers was needed, and the organization successfully established the California Avocado Commission 30 years ago.

The program has been one of the most effective of any commodity. The main objective for several years has been the "Ripe and Ready to Eat" campaign that has substantially increased the consumption of avocados.

Consumer research as also been a mainstay of the avocado marketing support program and it has shown that consumers buy avocados because they like the rich, nutty taste, and that they primarily use the fruit for dips or cut up in salads and sandwiches.

The prospects for the 1991 marketing year are good, although the freeze did reduce the crop prospects by about 20 percent in California.

Everything indicates that the Florida crop will be a good one this year, and for the past several years avocados from Chile have filled in when the California crop was short. There is no doubt but that this versatile fruit has arrived.

Next month, when crop expectations are better known, the "major" summer fruits will be identified and the prospects for the 1991 summer season will be reviewed.

The *big* season for produce is once again upon us! ■

BAKERY REVIEW

Continued from page 58

continue. Forty-three percent of bakery operators believe that in the future their departments will move even further into self-service. An additional 43 percent report that they are contemplating no change in their current merchandising, while only 14 percent feel their departments will offer more service in the future.

Even though operators appear to be saving labor time in both production and customer service, more of their workers' time appears to be going into the production side of the slate. Employees now spend about 59 percent of their time in production related duties, and only 41 percent in servicing customers. This is down from the 44 percent in customer service of a year ago.

More promotion

Retailers seemed to have put more money where their bakeries are last year. They generally had higher promotional and advertising budgets allotted to the bakery in 1990.

Seventy-six percent of the operators now report that their bakeries received a share of the store's ad expenditures that was equal to or greater than the department's share of store sales. This is a fairly significant increase over the 60 percent that reported the same advertising share a year earlier.

Sampling is still the most preferred method of promoting the bakery, and it is nearly universally utilized. Newspapers, point-of-purchase materials and circulars are the most prevalent forms of bakery advertising, while a few companies use broadcast or instore electronic media to promote the bakery.

Despite this increase in advertising and promotion, the bakery has not increased traffic in the department, and has not increased volume to any great extent. These are the challenges of 1991.

Will the bakery continue to exhibit the slow, steady growth of the past two years, or is there still a chance it can resume the skyrocket growth of 1988? ■

PREPARING FOOD

Continued from page 73

have shed both tears of joy relishing a plateful of Claire's inimitable blintzes, and tears of consternation over the difficulty in replicating her purely intuitive cooking methods. Her recipes—some of which are three generations old—have never been written down. Her cooking is based on "feel" not on measurements.

Since I have not yet achieved the right balance of ingredients, I offer a modified recipe in "the spirit" of Claire Arbeit's Blintzes. I plan to keep practicing; maybe take a turn in Claire's kitchen, so stay tuned for an updated version.

Achieving the right balance of ingredients in standard crepe-making is assuredly within everyone's reach and well worth reaching for—for versatility, over-all usefulness, and crowd-pleasing appeal. A neutral medium, crepes will work with nearly anything one could choose to incorporate, from artichokes to zabaglione custard—A to Z. ■

HEALTH & BEAUTY AIDS
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 11/30/90	4 WEEKS ENDING 12/28/90	4 WEEKS ENDING 1/25/91
BABY NEEDS	**- 1.7%**	**- 7.3%**	**- 3.0%**
Baby Powders	- 1.0	+ 2.3	+ 8.8
Baby Oils, Creams & Lotions	- 5.3	- 16.6	- 8.5
Infant Clothes	- 6.5	- 11.4	- 13.1
Nursing Supplies	+ 2.1	+ 0.3	+ 0.2
MISC. PERSONAL NEEDS	**+ 6.4%**	**+ 1.3%**	**+ 1.7%**
Contraceptives	+ 1.6	- 2.7	+ 7.6
Personal Lubricants	+ 23.5	+ 5.4	+ 4.3
Home Testing Kits	+ 16.1	+ 18.5	+ 10.0
Thermometers	+ 3.8	+ 0.2	- 23.9
DEODORANTS	**- 3.9%**	**- 3.9%**	**- 7.4%**
Sprays	- 11.9	- 10.6	- 12.8
Roll-Ons	- 13.4	- 14.2	- 21.1
Stick Deodorants & Pads	+ 6.9	+ 3.7	+ 1.9
Creams	- 14.6	- 12.2	- 14.1
Deodorants & Talcum Powders	- 28.4	- 19.2	- 13.2
Feminine Hygiene Deodorants	- 5.3	- 6.3	- 9.2
Foot Deodorants & Athlete's Foot Remedies	+ 7.4	+ 11.0	+ 5.6
Feminine Douches	- 9.2	- 3.7	- 11.2
FIRST AID	**- 6.7%**	**- 6.0%**	**- 6.2%**
Antiseptics	+ 1.7	- 1.5	+ 1.7
First Aid Products	- 9.5	- 7.8	- 8.9
Elastic Goods & Dressings	+ 26.0	+ 40.0	+ 37.3
HAIR CARE NEEDS	**- 1.8%**	**- 3.2%**	**- 2.4%**
Shampoos	- 2.7	- 2.5	- 2.9
Hair Sprays	- 0.5	- 5.4	- 2.9
Hair Conditioning Rinses	- 1.8	- 2.9	- 1.9
Hair Setting Needs	+ 3.1	+ 2.8	+ 3.1
Home Permanent Kits	- 13.8	- 10.6	- 10.9
Hair Coloring	- 2.8	- 1.8	+ 1.0
Hair Dressing Needs	- 7.3	- 9.4	- 9.6
ORAL HYGIENE	**- 5.5%**	**- 4.4%**	**- 1.5%**
Toothpastes & Powders	- 4.9	- 3.2	+ 2.2
Mouthwashes	- 10.5	- 12.5	- 10.7
Breath Fresheners	- 4.5	- 0.4	- 3.2
Denture Cleaners	- 2.2	- 4.8	- 5.7
Denture Adhesives	- 3.5	- 10.4	- 11.9
Toothbrushes	- 5.9	+ 1.2	- 1.3
Dental Aids	+ 9.6	+ 3.1	+ 5.7
PROPRIETARY REMEDIES	**- 2.2%**	**- 9.2%**	**- 6.1%**
Antacids	- 1.9	- 2.0	- 0.8
Internal Analgesics	- 7.9	- 9.2	- 8.2
External Analgesics	+ 3.8	+ 3.1	+ 1.5
Cold Remedies	+ 4.9	- 12.9	- 8.2
Nasal Sprays/Drops/Inhalers	+ 1.3	- 12.1	- 11.2
Chest Rubs	- 3.8	- 14.6	- 8.0
Cough Remedies	+ 1.7	- 16.1	- 8.6
Laxatives	- 3.5	- 5.8	- 2.6
Sleeping Aids	+ 6.0	+ 4.8	+ 2.6
Tranquilizers	- 19.3	- 13.0	+ 2.7
Eye Care Products	- 3.2	- 3.0	- 1.3
Appetite Suppressants	- 21.4	- 24.2	- 24.5
Synthetic Vitamins	- 12.3	- 11.9	- 7.1
Natural Vitamins	- 1.1	+ 4.6	+ 8.9
Misc. Proprietary Remedies	- 1.0	- 1.9	- 0.3
SHAVING NEEDS	**- 3.7%**	**- 4.6%**	**- 7.5%**
Shaving Creams	- 1.3	- 4.0	- 6.6
Pre-Shave Lotions	- 10.5	- 3.4	- 5.9
After-Shave Lotions	- 6.9	- 13.8	- 7.9
Razor Blades	- 4.2	- 3.6	- 7.9
SKIN CARE AIDS	**- 4.6**	**- 15.2%**	**- 9.1%**
Hand & Body Creams & Lotions	- 13.2	- 24.7	- 17.1
Facial Preparations	+ 9.9	+ 1.7	+ 4.1
Lip Care Products	- 3.1	- 16.9	- 8.9
Suntan Lotions & Oils	+ 41.1	+ 1.6	+ 3.9
Cosmetic & Medicated Skin Aids	+ 0.5	+ 2.2	+ 2.9
TOTAL ALL CATEGORIES	**+ 3.3%**	**- 6.7%**	**- 4.9%**

HBA UNIT SALES SLUMP CONTINUES THROUGH JANUARY

The recession and an emphasis on line extensions rather than new product launches contributed to the decline from 1990 levels.

BY ALAN B. MILLER JR.

The new year did not mark the end of the sales slump affecting the majority of health and beauty aids categories in the waning months of 1990. During the 28-day period ending January 25, 1991, unit volume in the 57 product categories tracked by SAMI fell 4.9%, or just a shade under the 5.0% loss recorded in the 12-week span.

A number of factors have been suggested to explain the extended dry spell in the HBA departments in both food stores and drugstores. The recession-plagued economy undoubtedly has played a role, although these products traditionally are considered recession-proof. In addition, the health categories were victimized by unseasonable weather in a number of high population areas, particularly in the East.

The fact that colds and flu conditions were not severe is attested to by the poor sales performance in each of the cough and cold categories in which January sales declines were registered: cold remedies (-8.2%), nasal sprays-drops-inhalers (-11.2%), chest rubs (-8.0%), and cough remedies (-8.6%). There were also losses in the allied cough/cold categories—internal analgesics (-8.2%) and synthetic vitamins (-7.1%).

Product launches down

Another important reason for the HBA sales drought has been scarcity of high-volume, innovative new products, which historically are launched in large numbers as a new year dawns.

At the beginning of 1990, such new brands as Gillette's Sensor razors and blades and both Degree and No Sweat deodorants were enjoying highly successful debuts, while in January 1991 there appeared to be more emphasis on line extensions such as Excedrin Aspirin Free or new Tylenol items. There were no new blockbuster brands among hair care needs, a product group that can usually be counted on for a proliferation of new product introductions.

In January, the only HBA product group with a plus trend was miscellaneous personal needs, which grew 1.7% in units as a result of gains in three of its four categories.

There were five product groups with 4-week unit sales declines in excess of 5%: skin care aids (-9.1%), shaving needs (-7.5%), deodorants (-7.4%), proprietary remedies (-6.1%), and first aid (-6.2%). At the product category level of measurement, only 20 were in the plus column, while 37 suffered declines.

The 4.9% loss among HBA products was more severe than those in the other two departments with volume losses—dry grocery: non-food (-2.3%) and frozen foods (-0.4%). There were tonnage gains among shelf-stable and refrigerated foods, amounting to +1.3% and 3.2%, respectively. On a retail dollar basis, both health and beauty aids (-2.3%) and dry grocery non-food (-0.3%) departments had negative trends, while the other three departments enjoyed forward progress: refrigerated (+8.5%), dry grocery food (+4.3%) and frozen food (+2.0%).

Two of the four baby needs categories managed to achieve gains in January. The 3.0% loss for the product group represented a slight improvement over the 4.0% loss rate for the 12 weeks or the 4.2% loss for the full 52-week period.

Only two of eight categories of personal deodorants registered unit volume advances,

Continued on page 89